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New Transatlantic Economic Partnership to Accelerate Trade Growth

U.S. Trade Representative Charlene Barshefsky announced today at the U.S.-EU Summit in London that the United States and the European Union will launch a new trade expansion initiative, the Transatlantic Economic Partnership, aimed at substantial market-opening gains by the year 2000. The initiative outlines a three-pronged market-opening approach: achieving near-term market access gains for goods, services and agricultural providers; delivering results on longer term U.S.-EU trade issues, both bilaterally and multilaterally; and expanding the initiative to include broad participation among business, labor, consumers and environmental interests.

"The Transatlantic Economic Partnership will open up significant new opportunities for U.S. agricultural, services, and goods providers in EU markets, particularly given the massive size of the U.S.-EU trade relationship," Barshefsky continued. "This initiative gives us the opportunity to accelerate our export growth substantially."

The new initiative covers more than a dozen areas where the U.S. and EU will negotiate the reduction or elimination of existing trade barriers, or improve regulatory cooperation in such areas as manufactured goods; agriculture, including biotechnology; services; industrial tariffs; global electronic commerce; intellectual property rights (IPR); investment; government procurement; and competition. It will also improve the efficiency and effectiveness of regulatory procedures (e.g., standards, testing, and certification). U.S. and EU companies regard the presence of incompatible or duplicative regulatory policies as among the most difficult obstacles, especially for small and medium-sized firms, for which compliance can be prohibitively costly.

This initiative will cover the most dynamic and fast-growing areas of U.S.-EU trade. Economic sectors to be addressed under this initiative are among the most dynamic and fast-growing areas of trade:

- The initiative will create new opportunities across vast areas of services trade which include telecommunications, insurance, travel & tourism, and distribution, U.S. services exports to Europe are approximately \$70 billion.
- Agricultural issues to be addressed in the scope of this initiative will facilitate exports and reduce trade friction in our \$15 billion two-way agricultural trade, with soybeans, corn, consumer foods, and animal feeds among the top U.S. agricultural exports

- By committing to maintain duty free conditions for electronic commerce, the initiative serves as a model for other bilateral and multilateral initiatives to accelerate e-commerce, which is expected to reach \$300 billion by 2001.

"We have developed a practical, results-oriented trade initiative which focuses on important and high value areas of trade, while maintaining our high level of protection for health, safety and environment," said Ambassador Barshefsky. "The new initiative will contribute directly to more affordable goods, services, job creation and economic growth for both Europeans and Americans."

The new initiative also outlines shared multilateral objectives including the development of an ambitious negotiating agenda when market-opening WTO talks for agriculture are launched in 1999, and when WTO services negotiations begin in 2000. Additionally, the new initiative seeks to develop common approaches to trade and the environment, and the international promotion of core labor standards.

The Joint Statement on the Transatlantic Economic Partnership released at the U.S.- EU Summit describes the intent of the two sides to greatly intensify their cooperation and joint action on trade and to provide an innovative opportunity to business, labor, consumers, environment and other NGO's to help shape the process.

In 1997, two-way U.S.-EU trade in goods and services plus investment income totaled over \$600 billion. Leading U.S. goods exports to Europe include machinery, electrical equipment, aircraft, medical equipment, autos & auto parts, and total goods exports exceeded \$140 billion in 1997. Combined investment exceeded \$700 billion in 1996. Approximately half of U.S. foreign direct investment abroad goes to the EU, and roughly the same percentage of European foreign direct investment is in the U.S. As a result, three million U.S. factory workers -- one in every twelve -- are now employed by European-owned firms. In addition, over one million U.S. jobs result from exports to the EU.

In the weeks to come, the U.S. and EU will draw up a specific action plan for achieving concrete results for our industry by 2000, and create a framework for on-going consultation, cooperation and negotiations to expand our trade relationship in the longer term. Throughout these discussions, USTR and other relevant agencies will undertake broad consultations with Congress, business, labor and nongovernmental organizations to refine U.S. negotiating objectives.

